
A BILL FOR AN ACT

RELATING TO THE CONVEYANCE TAX.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. Section 247-2, Hawaii Revised Statutes, is
2 amended to read as follows:

3 "**§247-2 Basis and rate of tax.** The tax imposed by section
4 247-1 shall be based on the actual and full consideration
5 (whether cash or otherwise, including any promise, act,
6 forbearance, property interest, value, gain, advantage, benefit,
7 or profit), paid or to be paid for all transfers or conveyance
8 of realty or any interest therein, that shall include any liens
9 or encumbrances thereon at the time of sale, lease, sublease,
10 assignment, transfer, or conveyance, and shall be at the
11 following rates:

12 (1) Except as provided in [~~paragraph (2)~~] paragraphs (2)
13 and (3):

14 (A) [~~Ten cents per \$100 for~~] For properties with a
15 value of less than \$600,000[~~+~~]: 10 cents per
16 \$100;



- 1 (B) [~~Twenty cents per \$100 for~~] For properties with a
2 value of at least \$600,000, but less than
3 \$1,000,000[~~+~~]: 20 cents per \$100;
- 4 (C) [~~Thirty cents per \$100 for~~] For properties with a
5 value of at least \$1,000,000, but less than
6 \$2,000,000[~~+~~]: 30 cents per \$100;
- 7 (D) [~~Fifty cents per \$100 for~~] For properties with a
8 value of at least \$2,000,000, but less than
9 \$4,000,000[~~+~~]: 50 cents per \$100;
- 10 (E) [~~Seventy cents per \$100 for~~] For properties with
11 a value of at least \$4,000,000, but less than
12 \$6,000,000[~~+~~]: 70 cents per \$100;
- 13 (F) [~~Ninety cents per \$100 for~~] For properties with a
14 value of at least \$6,000,000, but less than
15 \$10,000,000[~~+~~ and]: \$1.10 per \$100;
- 16 (G) [~~One dollar per \$100 for~~] For properties with a
17 value of at least \$10,000,000 [~~or greater; and~~],
18 but less than \$14,000,000: \$1.40 per \$100;
- 19 (H) For properties with a value of at least
20 \$14,000,000, but less than \$18,000,000: \$2.00
21 per \$100;



- 1 (I) For properties with a value of at least
- 2 \$18,000,000, but less than \$22,000,000: \$3.00
- 3 per \$100;
- 4 (J) For properties with a value of at least
- 5 \$22,000,000, but less than \$26,000,000: \$4.00
- 6 per \$100; and
- 7 (K) For properties with a value of \$26,000,000 or
- 8 greater: \$6.00 per \$100;
- 9 (2) For the sale of a multifamily residential property:
- 10 (A) For properties with a value of less than
- 11 \$600,000: 10 cents per \$100;
- 12 (B) For properties with a value of at least \$600,000,
- 13 but less than \$1,000,000: 20 cents per \$100;
- 14 (C) For properties with a value of at least
- 15 \$1,000,000, but less than \$2,000,000: 30 cents
- 16 per \$100;
- 17 (D) For properties with a value of at least
- 18 \$2,000,000, but less than \$4,000,000: 50 cents
- 19 per \$100;



- 1 (E) For properties with a value of at least
- 2 \$4,000,000, but less than \$6,000,000: 70 cents
- 3 per \$100;
- 4 (F) For properties with a value of at least
- 5 \$6,000,000, but less than \$10,000,000: 90 cents
- 6 per \$100;
- 7 (G) For properties with a value of at least
- 8 \$10,000,000, but less than \$20,000,000: \$1 per
- 9 \$100;
- 10 (H) For properties with a value of at least
- 11 \$20,000,000, but less than \$50,000,000: \$1.25
- 12 per \$100;
- 13 (I) For properties with a value of at least
- 14 \$50,000,000, but less than \$100,000,000: \$1.50
- 15 per \$100; and
- 16 (J) For properties with a value of \$100,000,000 or
- 17 greater: \$2.00 per \$100; and
- 18 ~~[(2)]~~ (3) For the sale of a condominium or single family
- 19 residence for which the purchaser is ineligible for a
- 20 county homeowner's exemption on property tax:



1 \$10,000,000 [~~or greater,~~] but less than

2 \$14,000,000: \$3.00 per \$100;

3 (H) For properties with a value of at least

4 \$14,000,000, but less than \$18,000,000: \$4.00

5 per \$100;

6 (I) For properties with a value of at least

7 \$18,000,000, but less than \$22,000,000: \$5.00

8 per \$100;

9 (J) For properties with a value of at least

10 \$22,000,000, but less than \$26,000,000: \$6.00

11 per \$100; and

12 (K) For properties with a value of \$26,000,000 or

13 greater: \$7.00 per \$100,

14 of [~~such~~] the actual and full consideration; provided that in
15 the case of a lease or sublease, this chapter shall apply only
16 to a lease or sublease whose full unexpired term is for a period
17 of five years or more [~~, and in those cases, including (where~~
18 ~~appropriate) those cases where the~~]; provided further that if a
19 lease has been extended or amended, the tax in this chapter
20 shall be based on the cash value of the lease rentals discounted
21 to present day value and capitalized at the rate of six per



1 cent, plus the actual and full consideration paid or to be paid
2 for any and all improvements, if any, that shall include on-site
3 as well as off-site improvements, applicable to the leased
4 premises; and provided further that the tax imposed for each
5 transaction shall be [~~not~~] no less than \$1.

6 For purposes of this subsection, "multifamily residential
7 property" means a structure that is located within the state
8 urban land use district and divided into five or more dwelling
9 units."

10 SECTION 2. Section 247-3, Hawaii Revised Statutes, is
11 amended to read as follows:

12 "**§247-3 Exemptions.** The tax imposed by section 247-1
13 shall not apply to:

- 14 (1) Any document or instrument that is executed prior to
15 January 1, 1967;
- 16 (2) Any document or instrument that is given to secure a
17 debt or obligation;
- 18 (3) Any document or instrument that only confirms or
19 corrects a deed, lease, sublease, assignment,
20 transfer, or conveyance previously recorded or filed;



- 1 (4) Any document or instrument between husband and wife,
2 reciprocal beneficiaries, or parent and child, in
3 which only a nominal consideration is paid;
- 4 (5) Any document or instrument in which there is a
5 consideration of \$100 or less paid or to be paid;
- 6 (6) Any document or instrument conveying real property
7 that is executed pursuant to an agreement of sale, and
8 where applicable, any assignment of the agreement of
9 sale, or assignments thereof; provided that the taxes
10 under this chapter have been fully paid upon the
11 agreement of sale, and where applicable, upon [~~such~~]
12 the assignment or assignments of agreements of sale;
- 13 (7) Any deed, lease, sublease, assignment of lease,
14 agreement of sale, assignment of agreement of sale,
15 instrument or writing in which the United States or
16 any agency or instrumentality thereof or the State or
17 any agency, instrumentality, or governmental or
18 political subdivision thereof are the only parties
19 thereto;
- 20 (8) Any document or instrument executed pursuant to a tax
21 sale conducted by the United States or any agency or



1 instrumentality thereof or the State or any agency,
2 instrumentality, or governmental or political
3 subdivision thereof for delinquent taxes or
4 assessments;

5 (9) Any document or instrument conveying real property to
6 the United States or any agency or instrumentality
7 thereof or the State or any agency, instrumentality,
8 or governmental or political subdivision thereof
9 pursuant to the threat of the exercise or the exercise
10 of the power of eminent domain;

11 (10) Any document or instrument that solely conveys or
12 grants an easement or easements;

13 (11) Any document or instrument whereby owners partition
14 their property, whether by mutual agreement or
15 judicial action; provided that the value of each
16 owner's interest in the property after partition is
17 equal in value to that owner's interest before
18 partition;

19 (12) Any document or instrument between marital partners or
20 reciprocal beneficiaries who are parties to a divorce
21 action or termination of reciprocal beneficiary



1 relationship that is executed pursuant to an order of
2 the court in the divorce action or termination of
3 reciprocal beneficiary relationship;

4 (13) Any document or instrument conveying real property
5 from a testamentary trust to a beneficiary under the
6 trust;

7 (14) Any document or instrument conveying real property
8 from a grantor to the grantor's revocable living
9 trust, or from a grantor's revocable living trust to
10 the grantor as beneficiary of the trust;

11 (15) Any document or instrument conveying real property, or
12 any interest therein, from an entity that is a party
13 to a merger or consolidation under chapter 414, 414D,
14 415A, 421, 421C, 425, 425E, or 428 to the surviving or
15 new entity;

16 (16) Any document or instrument conveying real property, or
17 any interest therein, from a dissolving limited
18 partnership to its corporate general partner that
19 owns, directly or indirectly, at least a ninety per
20 cent interest in the partnership, determined by
21 applying section 318 (with respect to constructive



1 ownership of stock) of the federal Internal Revenue
 2 Code of 1986, as amended, to the constructive
 3 ownership of interests in the partnership; [~~and~~
 4 ~~]~~ (17) ~~[+]~~ Any document or instrument that conforms to the
 5 transfer on death deed as authorized under chapter
 6 527~~[+]~~; and

7 (18) Any document or instrument conveying real property to
 8 an individual who is an owner-occupant or renter-
 9 occupant of the property; provided the individual does
 10 not have a direct or indirect ownership interest in
 11 any other real property, including through ownership
 12 interest in a trust, partnership, corporation, limited
 13 liability company, or other entity."

14 SECTION 3. Section 247-7, Hawaii Revised Statutes, is
 15 amended to read as follows:

16 "**§247-7 Disposition of taxes.** All taxes collected under
 17 this chapter shall be paid into the state treasury to the credit
 18 of the general fund of the State, to be used and expended for
 19 the purposes for which the general fund was created and exists
 20 by law; provided that of the taxes collected each fiscal year:



1 (1) Ten per cent [~~or \$5,100,000, whichever is less,~~] shall
2 be paid into the land conservation fund established
3 pursuant to section 173A-5; [~~and~~]

4 (2) Fifty per cent [~~or \$38,000,000, whichever is less,~~]
5 shall be paid into the rental housing revolving fund
6 established by section 201H-202[~~-~~]; and

7 (3) Ten per cent shall be paid into the dwelling unit
8 revolving fund established pursuant to section 201H-
9 191 for the purposes of funding infrastructure
10 programs in transit-oriented development areas."

11 SECTION 4. This Act does not affect rights and duties that
12 matured, penalties that were incurred, and proceedings that were
13 began before its effective date.

14 SECTION 5. Statutory material to be repealed is bracketed
15 and stricken. New statutory material is underscored.

16 SECTION 6. This Act shall take effect on July 1, 3000.



Report Title:

Conveyance Tax Rates and Exemptions; Multifamily Residential Properties; Land Conservation Fund; Rental Housing Revolving Fund; Dwelling Unit Revolving Fund; Allocations

Description:

Increases the conveyance tax rate for certain properties. Exempts conveyances of certain real property from the conveyance tax. Establishes a new conveyance tax rate for multifamily residential properties. Eliminates the cap on the amount of conveyance tax collections allocated to the Land Conservation Fund and Rental Housing Revolving Fund. Allocates ten percent of conveyance tax collections to the Dwelling Unit Revolving Fund for the purpose of funding infrastructure programs in transit-oriented development areas. Effective 7/1/3000. (HD1)

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

